

## Message Text

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54

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 EB-11 OIC-04 FEA-02 EA-11

ARA-16 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 INT-08

TRSE-00 SSO-00 CIEP-02 CEA-02 DRC-01 /182 W

----- 000091

R 170446Z JAN 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5920

INFO AMEMBASSY BEIRUT

USINT CAIRO

AMONSUL DHAHRAN 6253

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

C O N F I D E N T I A L JIDDA 0250

DEPT PASS SECRETARY

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJ: INITIAL REACTIONS TO CALL FOR CONSUMER CONFERENCE

REF: KUWAIT 0163

B. USINFO 132100Z

BEGIN SUMMARY: THE SAUDI PRELIMINARY REACTION TO PRESIDENT'S  
CALL FOR FEBRUARY CONFERENCE OF KEY CONSUMING COUNTRIES VARIES  
FROM NONCOMMITTAL TO NEGATIVE. YAMANI'S STATEMENTS IN ROME,  
COUPLED WITH A FEW COMMENTS FROM CIVILIAN MINISTERS HERE AND  
APPEARANCE OF AN EDITORIAL TO THE EFFECT THAT THE IDEAL SOLU-  
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TION IS BI-LATERAL DEALS SUCH AS SAG HAS SIGNED WITH FRANCE,

SUGGEST WE MUST CONTINUE OUR EFFORTS TO PERSUADE SAG THAT  
CONFERENCE IS IN INTERESTS OF CONSUMERS AND PRODUCERS ALIKE.  
END SUMMARY

1. MINPET YAMANI AND OTHERS AMONG EMBASSY'S USUAL AUTHORIT-  
ATIVE CONTACTS ON SUBJECT OF PETROLEUM ARE OUT OF THE COUNTRY  
OR HAVE NOT BEEN AVAILABLE FOR COMMENT. BUT IT APPEARS SAG  
IS DEVELOPING A PASSIVELY DOUBTFUL VIEW OF THE U.S. CONCEPT  
FOR ORGANIZING A SERIES OF CONFERENCES ON PETROLEUM BEGIN-  
NING WITH A RELATIVELY SMALL GROUP OF KEY CONSUMING COUNTRIES  
WITH PRODUCERS TO BE BROUGHT INTO PICTURE LATER. THIS DOUBTFUL  
STANCE COULD EASILY TURN INTO A NEGATIVE ONE IF SAUDIS BECOME  
CONVINCED THAT THE RADICAL STATES' PROPAGANDA IS CORRECT; I.E.,  
THAT THE U.S. IS ATTEMPTING TO CREATE A CONSUMER BLOC TO DESTROY  
THE PRODUCING COUNTRIES.

2. IN ALL OF OUR DISCUSSIONS WITH OIL-WISE SAG OFFICIALS (IN-  
CLUDING MINSTATE FOR FOREIGN AFFAIRS SAQQAF, PLANNING MINISTER  
HISHAM NAZER, ROYAL ADVISOR KAMAL ADHAM AND OTHERS) AMBASSADOR  
AND EMBOFFS HAVE MADE MAXIMUM EFFORT TO MAKE CELAR TO SAG  
THAT CONSUMER CONFERENCE AS ENVISAGED BY PRESIDENT SHOULD BE  
REGARDED BY SAG AS NATURAL AND POSITIVE DEVELOPMENT, ONE  
THAT WILL MAKE POSSIBLE BETTER COORDINATION BETWEEN CONSUMING  
AND PRODUCING ECONOMIES IN FUTURE. REACTIONS SO FAR HAVE ALWAYS  
BEEN POLITE, BUT IN SOME CASES UNCERTAIN OR EVEN CRITICAL (SEE  
COMMENT ON NAZER BELOW).

3. EMBASSY HAS BEEN UNABLE TO READ ANYTHING BUT A NEGATIVE  
ATTITUDE FROM MINPET YAMANI'S STATEMENTS IN ROME AS CITED BY  
USINFO SUMMARY OF N.Y. TIMES (REF B). THE POSSIBILITY EXISTS  
THAT HE DOES NOT REPRESENT THE FINAL ATTITUDE OF SAG, BUT  
SOURCES HERE INDICATE THAT HIS HALF-CRITICAL COMMENTS, WARNING  
AGAINST FORMING A BLOC OF CONSUMING COUNTRIES THAT WOULD  
CAUSE A CONFRONTATION WITH THE PRODUCERS, REFLECT THE VIEW OF  
MANY SAUDIS. CENTRAL PLANNING ORGANIZATION PRESIDENT, HISHAM  
NAZER, HAS TOLD US THAT HE CONSIDERS THE FEBRUARY CONSUMERS  
CONFERENCE TO BE JUST THAT, AN ATTEMPT BY THE US TO FORM A  
CONSUMERS GROUP TO CONFRONT THE PRODUCERS. REACTION FROM OTHER  
SOURCES HAVE BEEN SUSPICIOUS BUT NOT ENTIRELY NEGATIVE. WE  
HAVE HEARD NO UNQUALIFIED POSITIVE COMMENT.  
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4. THE PRESS REACTION IS ALWAYS DIFFICULT TO EVALUATE BUT  
JANUARY 15 UKAZ NEWSPAPER CARRIED A SPECIFIC COMMENTARY BY  
COLUMNIST YUSUF DAMANHOURI. DAMANHOURI SUGGESTS THAT THE  
PRESIDENT'S CALL FOR A WORLD CONFERENCE OF CONSUMING STATES  
IS A SERIOUS MATTER, INVOLVING CONSEQUENCES FOR THE OIL-PRO-  
DUCING STATES. ONE WAY OR ANOTHER, THE COMMENTATOR SAYS, THE  
AIM OF THE CONFERENCE IS TO CONVINCE THE CONSUMING COUNTRIES

THAT THE MEASURES TAKEN BY THE ARAB OIL-PRODUCING STATES WERE UNJUST AND DETRIMENTAL TO THE INDUSTRIES OF THE CONSUMING STATES. HE GOES ON TO SAY THAT THE OIL STATES MUST MEET THIS CHALLENGE BY COUNTERMEASURES SIMILAR TO THOSE ADOPTED BY THE KINGDOM ALREADY: THE SAUDI-FRENCH AGREEMENT WHICH LAYS A SOUND BASIS FOR COOPERATION BETWEEN THE INDUSTRIALIZED AND DEVELOPING COUNTRIES, BY ENABLING THE OIL-PRODUCING COUNTRIES TO ACQUIRE THEIR NEEDS WITHOUT ANY STRICTURES OR CONDITIONS, EVEN MILITARY EQUIPMENT. HE CONCLUDES THAT THE US INITIATIVE WILL NOT FIND THE APPROPRIATE WORLD ATMOSPHERE AND THAT THE INDUSTRIALIZED STATES WILL NOT RECOGNIZE THE WAY TO THE SHORTEST ACCESS TO OIL IS THROUGH AGREEMENTS.

6. COMMENT: SAUDIS KNOW THAT AMBASSADOR AKINS HAS LONG ADVOCATED CONSUMER COOPERATION AND CONSUMER-PRODUCER DIALOGUE, AND EMBASSY HAS MADE VERY STRONG DEFENSE OF PRESIDENT'S AND SECRETARY'S STATEMENTS ON THIS SUBJECT. RELATIVELY MILD SAUDI RESPONSE MAY, THEREFORE, BE DECEIVING. THEY COULD, THROUGH INNATE POLITENESS AND RELUCTANCE TO APPEAR TO BE ATTACKING AMBASSADOR, BE REFRAINING FROM MAKING STATEMENTS TO US STRONGLY CRITICAL OF POSITION TO WHICH AMBASSADOR IS SO TOTALLY AND PERSONALLY COMMITTED. THEIR ACTUAL POSITION COULD BE MUCH MORE HOSTILE. WE SHALL FIND OUT FROM BRITISH, FRENCH, AND JAPANESE WHAT SAUDIS ARE SAYING TO THEM. AND WILL CONTINUE TO TRY TO PERSUADE THE SAUDIS TO REACT PUBLICLY AND FAVORABLY TO THE PRESIDENT'S PROPOSAL.

AKINS

NOTE BY OCT: NOT PASSED SECRETARY.

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## Message Attributes

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